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FLOOR DEBATE

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LB 201, 655

contractor's bond shall be the lesser of the entire contract amount or \$200 million. And Senator Schimek has mentioned this. Additionally, the amendment provides that a corporate surety or bank-issued letter of credit, or a combination thereof, of an amount sufficient for the contract, may be secured or utilized in lieu of the surety bond. The purpose of the surety bond for public construction contracts is, of course, to provide protection to the subcontractors and material suppliers, in order to ensure that they are paid by the contractor. Nebraska law does not allow liens to be filed against public property, so they are foregoing what would otherwise be a statutory right. In the current surety bond market, as Senator Schimek explained, you simply cannot secure a surety bond in excess of \$200 million. For contracts in excess of \$200 million, the only viable alternative for a general contractor would be to enter into multiple contracts for the same project, and secure separate bonds for each contract. In other words, that would be construed by some to be a scheme or artifice to circumvent, in view of the practical realities. That circumstance would result in additional cost, additional delay in the process of preparing for ultimate construction work. Senator Schimek has worked with all of the interested parties with regard to this. And the amendment which your Judiciary Committee adopted was brought to us by Senator Schimek, and narrows the bill, appropriately in our opinion. And we would urge its advancement. However, presented with the opportunity of this bill, the committee also offers in its amendment to incorporate two additional bills relating to lien authority for repair and construction of real or personal property. Both bills were advanced by your Judiciary Committee, and accordingly, a committee statement is available for each bill, in order that you can review them. First would be the section...Sections 1 through 3, in which we effectively incorporate LB 201 in the committee amendment. LB 201 was introduced by Senator Burling. Nebraska law allows a person who furnishes services or materials pursuant to a construction contract to place a lien on the improved real estate. Such a construction lien is recorded at the office of the register of deeds in the county where the real estate is situated. LB 201 requires...or, Sections 1 to 3, as we amend them, requires the claimant of a construction lien to send a copy of the recorded lien to the owner of the property within